

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability-Linked Bond

Orbia Advance Corp. SAB de CV
4 May 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Sustainability-Linked Bond
Relevant standard(s)	<ul style="list-style-type: none">• Sustainability-Linked Bond Principles, as administered by ICMA
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as Orbia's Sustainability-Linked Bond Framework and benchmarks for the Sustainability Performance Target remain unchanged

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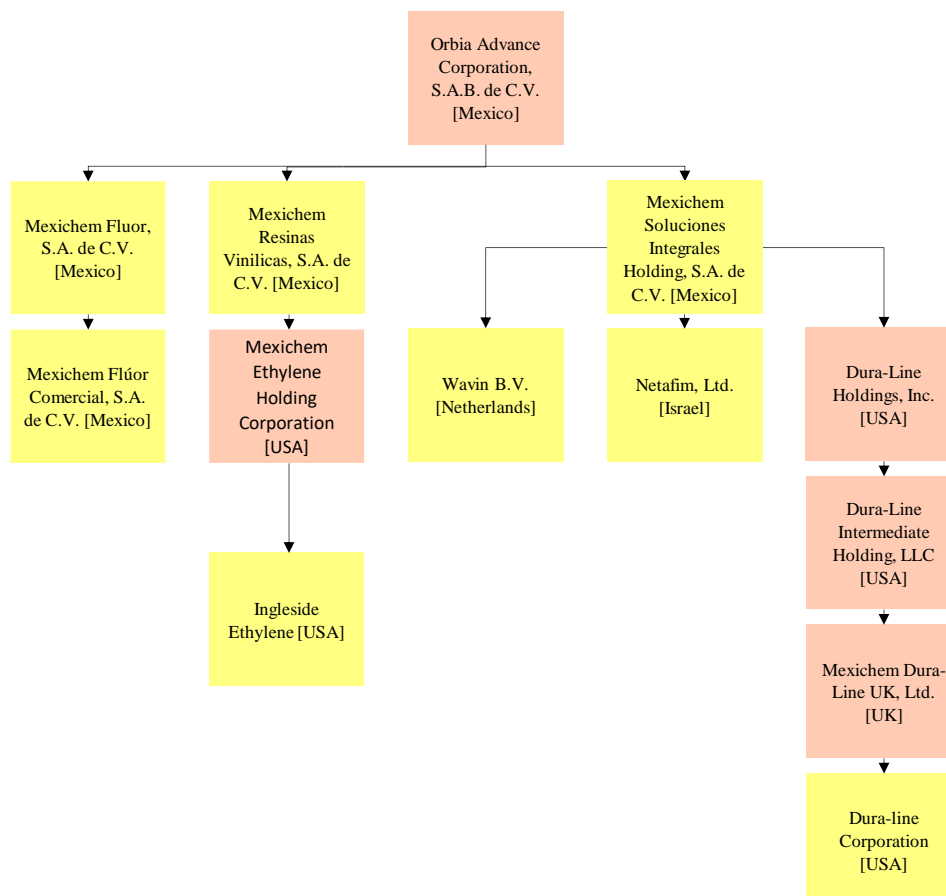
SCOPE OF WORK

Orbia Advance Corp. SAB de CV (“Orbia”) commissioned ISS ESG to assist with its Sustainability-Linked Bond by assessing three core elements to determine the sustainability quality of the instrument:

1. The sustainability credibility of the KPI selected and Sustainability Performance Target (SPT) calibrated – whether the KPI selected is core, relevant, and material to the issuer’s business model and sector, and whether the associated target is ambitious.
2. Orbia’s Sustainability-Linked Bond Framework (May 2021 version) and structural components of the transaction – benchmarked against the Sustainability-Linked Bond Principles (SLBP), as administered by the International Capital Market Association (ICMA).
3. Sustainability-Linked Bond link to Orbia’s sustainability strategy – drawing on Orbia’s overall sustainability profile and related objectives.

ORBIA BUSINESS OVERVIEW

Orbia operates as a holding company in the Chemical sector. The issuer, through its subsidiaries, provides products and solutions for precision agriculture, building and infrastructure, fluor, polymer solutions, and data communications sectors worldwide.



ISS ESG SPO ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY ¹
<p>Part 1:</p> <p>KPI selection and SPT calibration</p>	<p>KPI selection: Relevant, material and core to issuer’s business model and sustainability profile</p> <p>Sustainability Performance Target (SPT) calibration:</p> <ul style="list-style-type: none"> • Ambitious against issuer’s past performance • Ambitious against issuer’s sectorial peer group • No international target available for comparison <hr/> <p>The KPI selected is relevant², material and core to the issuer’s business model and consistent with its sustainability strategy. It is appropriately measurable, quantifiable, and externally verifiable. The KPI is benchmarkable, with limitations due to lack of (i) international calculation standards, (ii) disclosure, and (iii) diversity within the Chemicals industry. Those limitations cannot be attributed to the issuer. It covers a material scope of the operations and activities of Orbia (100% of SO_x emissions are covered).</p> <p>ISS ESG finds that the SPT calibrated by Orbia is ambitious against the company’s past performance and compared to the Chemicals sector practices in terms of defining a SO_x emissions reduction target - as very few companies of the investigated peer group set a target related to SO_x emissions. According to the issuer and to ISS ESG due diligences there is no international or local industry specific target available as a reference point. The target is set in a clear timeline, is benchmarkable (with the limitations underlined above) and supported by a credible strategy and action plan.</p>
<p>Part 2:</p> <p>Alignment with the SLBP</p>	<p>Aligned with ICMA Sustainability-Linked Bond Principles</p> <hr/> <p>The Issuer has defined a formal framework for its Sustainability-Linked Bond regarding the selection of KPI, calibration of Sustainability Performance Target (SPT), Sustainability-Linked Bond characteristics, reporting and verification. The framework is in line with the Sustainability-Linked Bond Principles (SLBP), as administered by the ICMA.</p>
<p>Part 3:</p> <p>Link to issuer’s sustainability strategy</p>	<p>Consistent with issuer’s sustainability strategy</p> <hr/> <p>According to the ISS ESG Corporate Rating (“CR”) published on 13.04.2021, the company currently shows a medium sustainability performance against peers on key ESG issues faced by the Chemicals sector. The issuer has obtained a Decile Rank of 4 relative to industry group, given that a decile rank of 1 indicates highest relative ESG performance out of 10. The issuer is rated 60th out of 178 companies within its sector as of 04.05.2021.</p> <p>ISS ESG finds that this issuance contributes to the issuer’s sustainability strategy, given the KPI clear link to one of the issuer’s key sustainability priorities and due to an ambitious SPT against company’s past performance and peer group. The KPI selected by the issuer is related to Air Pollution, which contributes to the topic of “Climate protection and energy efficiency”, one of the key ESG topics for the Chemicals sector as identified by ISS ESG’s proprietary rating methodology. As highlighted in Part 1.1 of this SPO, the weighting of SO_x emissions in ISS ESG’s CR is less than 1%, which means the indicator on its own does not meet the threshold for materiality. However, SO_x emissions indicator is considered relevant and material for Orbia’s individual operating context (e.g., vertical integration of the company, strong global presence in the Fluor Business, geographic locations of its SO_x-emitting plants).</p>

¹ ISS ESG’s evaluation is based on the engagement conducted in April/May 2021, on Orbia’s Sustainability-Linked Bond Framework (May 2021 version) and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 13.04.2021).

² The company is facing other relevant and material environmental challenges such as tackling climate change (GHG emissions), preserving freshwater (freshwater use reduction) and increasing product safety (reduce and substitute substances of concern).

ISS ESG SPO ASSESSMENT

PART 1: KPI SELECTION & SPT CALIBRATION

1.1. KPI selection

KPI selected by the issuer

FROM ISSUER'S FRAMEWORK

- **KPI:** Reduction of Sulphuric Oxide (SO_x) emissions in metric tons.
- **SPT:** Reduce Sulphur Oxide (SO_x) Emissions 60% by 2025 and 44% by 2023.

Long-term goal: n.a

Rationale: The selection of the Key Performance Indicator (KPI) is consistent with the comprehensive review of Orbia's material issues conducted in 2019, which involved external and internal stakeholders' views on which topics were most relevant for Orbia. SO_x emissions may cause acid rain, which is known to have several negative ecological effects, especially on aquatic environments, and can also have effects on human health. SO_x emissions are formed during the production of sulphuric acid and the burning of fossil fuels. The production of sulphuric acid is an essential step in the production of hydrogen fluoride ("HF") from calcium fluoride ("CaF₂"), and as such the reduction of SO_x emissions is key priority for Orbia. Other chemical companies may purchase the sulphuric acid from vendors, and as such the reduction of SO_x emissions in their operations may be less relevant. The city of Matamoros, where Orbia's HF plant is located 6.9KM from the city center, has a population of 520,367 inhabitants. It is also bordered by the Bravo River and is close to Laguna Madre, one of the six hypersaline lagoons in the world, in the Gulf of Mexico. This habitat is one of the most important bird wintering habitats for North American species.

Orbia's Henry plant is located near another important body of water, the Illinois river, one of the principal tributaries of the Mississippi River.

Scope of the KPI: For the purpose of the KPI, SO_x emissions will be measured in metric tons. The KPI will cover 100% of Orbia's SO_x emissions from its industrial processes. As of 2020, 90% of Orbia's SO_x emissions are generated by Koura and Vestolit business groups, with plants based in Henry, Illinois and Matamoros, Mexico.

Calculation methodology:

- **Plant 1 (Matamoros):** SO_x concentration is measured by a split beam photometer operating in the ultraviolet (UV) portion, which determines the concentration of SO_x. Concentration is given in kg/tons of sulfuric acid, which is then multiplied by production.
- **Plant 2 (Henry):** A "Continuous Emissions Monitoring System" is used. It is a probe that is measuring the SO_x levels and recording it every 6 minutes on a system. The figures are averaged every day and the 30 day rolling average is monitored.

Baseline performance: 1,355 tons.

Baseline year: 2018.

2025 goal: 544 tons.

Materiality and relevance

Air pollution related to topic “Climate protection and energy efficiency” is considered an important ESG issue faced by the Chemicals sector, especially in emerging countries, according to ISS ESG assessment. SO_x emissions in particular are damaging to the environment and human health. However, it is not one of the key ESG issues faced by the sector, as Chemicals companies are not among the largest contributors to global SO_x emissions, e.g., coal combustion, oil & gas, smelters. Other indicators that have a more significant impact across the Chemicals sector include GHG emissions, freshwater use, and hazardous waste intensity according to ISS ESG’s proprietary rating methodology. For Orbia’s individual operating context, ISS considers that SO_x emissions are relevant and material for the company. Indeed, Orbia is vertically integrated (it produces its own Anhydrous Hydrofluoric Acid) and operates in countries that are among the top SO₂ emitters globally. Orbia’s two most emitting plants are located in Mexico (Tamaulipas) and in the US (Illinois), respectively the 5th and 9th highest anthropogenic SO₂ emitters in the world.

ISS ESG finds that the SO_x reduction KPI selected by the issuer is:

- **Relevant** to Orbia’s business given that air pollutants are emitted during industrial processes (via the use of sulfuric acid used to produce Anhydrous Hydrofluoric Acid). This is also relevant for the issuer given its geographic context. The vast majority of SO_x emissions are a result of the operations of two plants. The first plant is located in Henry, Illinois, and is located near the Illinois River. The second plant is located in Mexico, next to a river, Rio Bravo, and the city of Matamoros, which has over 500,000 inhabitants. Mexico is among the top polluters in the world in terms of SO_x emissions. That being said, the issuer makes a low contribution to the country’s total air pollution emissions. The locations of the plants also confirm the KPI is relevant, as these emissions impact the surrounding ecology and the health of the neighboring community, and a reduction of emissions from these plants is in Orbia’s direct control.
- **Core** to the issuer’s business as, even if 97%³ of SO_x emissions come from only two plants (the Matamoros and Henry plant) out of 120, those plants are critical for Orbia’s operations and, more specifically, for the company’s Fluor and Polymer Solutions businesses that cumulatively represent 45% of Orbia total revenues and 55% of its EBITDA in 2020. Specifically, the Matamoros plant generates 100% of the Anhydrous Hydrofluoric Acid (“HF”), which is essential to Orbia’s entire Fluorine business value chain⁴, and as a single site, is the largest producer of HF in the world. Moreover, the Henry plant produces PVC specialty resins; although this only represents 4% of the Polymer Solutions business’s⁵ total sales, the Henry plant is the only site worldwide that produces organosol grade resins, which is the resin used for medical applications and food packaging. Moreover, if Orbia does not reduce SO_x emissions, the company could be exposed, in the future, to legal and reputational risks that would impact its operations.

³ Average over the 2018 – 2020 period.

⁴ The Matamoros plant generates most of the Anhydrous Hydrofluoric Acid (HF) needed for North American fluorine products and European medical propellant.

⁵ Orbia is the largest PVC specialty resins producer in the world.

- **Material** to Orbia from an ESG perspective as SO_x represents the majority (60%) of the issuer's total air emissions – which contributes to the key ESG issue of Chemicals sector “Environmental protection and energy efficiency”. However, the issuer's KPI would be even more material if NO_x and VOCs emissions were also included (which represent the remaining air emissions). The issuer has decided, for the short-term, to focus on what they understand to be one of the most material ESG issues in their operations and plans to set a NO_x target once it has an SBTi validated GHG emission reduction target.

Consistency with overall company's sustainability strategy

Orbia conducted a materiality assessment in 2019, which identified emissions among the top 5 most material issues. In order to take action on the material topics identified for the issuer, a Sustainability Business Strategy was developed, which comprises of targets to be achieved in the areas of climate change, air emissions, environmental management, waste, and safety. The KPI defined for this transaction is directly derived from this Sustainability Business Strategy, under the impact area of air emissions. Moreover, Orbia has aligned this KPI with its commitments to contribute to the UN Sustainable Development Goals:

- SDG 3 – Good Health and Wellbeing
 - Reducing SO_x emissions may mitigate negative health effects, including complications in the respiratory system, in neighboring communities;
- SDG 11 – Sustainable Cities and Communities
 - Reducing SO_x emissions may contribute to cleaner air and water;
- SDG 14 – Life Below Water
 - Reducing SO_x emissions may lower the manifestation of acid rain in the surrounding aquatic environments, which has negative ecological effects;
- SDG 15 – Life on Land
 - Reducing SO_x may lower the manifestation of acid rain in the surrounding ecosystem, which contributes to deforestation.

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Measurability

- **Material scope and perimeter:** The KPI selected covers material operations and activities of the issuer, as it covers 100% of SO_x emissions which come from industrial processes.
- **Quantifiable:** The KPI selected is measurable and quantifiable. The issuer provides in the framework a calculation methodology and description of the technology used to measure the emissions.
- **Externally verifiable:** The past performance on SO_x emissions of the issuer, including historical data and baseline year performance, have been verified by a third-party verifier.

Moreover, the issuer has committed to an annual external verification of the performance level of the KPI until the trigger event has been reached.

- **Benchmarkable:** The KPI is comparable with data reported by other companies, based on ISS ESG data, although there are limitations, namely the lack of commonly acknowledged standards for calculating air emissions and conducting assurance engagements. Further limitations are related to limited disclosure of SO_x emissions across the Chemicals sector and the diversity of the sector itself – with chemicals companies that have product portfolios that do not result in significant SO_x emissions. Those limitations cannot be attributed to the issuer.

Opinion on KPI selection: ISS ESG finds that the KPI selected is relevant, core, and material to the issuer's business model, consistent with its sustainability strategy. It is appropriately measurable, quantifiable, and externally verifiable. The KPI is overall benchmarkable, with limitations due to lack of disclosure and diversity within the Chemicals industry. It covers a material scope of the operations and activities of Orbia (100% of SO_x emissions, 60% of total air emissions).

1.2. Calibration of SPT

SPT set by the issuer

FROM ISSUER'S FRAMEWORK⁶

Sustainability Performance Target: Reduce Sulphur Oxide (SO_x) Emissions 60% by 2025 and 44% by 2023.

Sustainability Performance Target Trigger: Calculated by determining the percentage change against baseline:

- Step 1: Calculate the decrease (2023 or 2025 figure, as applicable, excluding, at Orbia's discretion, SO_x emissions attributable to any acquisition completed after the 2018 base year minus 2018 baseline figure)
- Step 2: Divide by 2018 baseline figure
- Same applies for determining 2025 percentage change

Observation Date: 31/12/2023 and 31/12/2025

2018 Baseline: 1,355 tons⁷. The 2018 Baseline has been verified by our Assurance Provider in its verification report⁸.

⁶ This table is displayed by the issuer in its Sustainability-Linked Bond Framework and have been copied over in this report by ISS ESG for clarity.

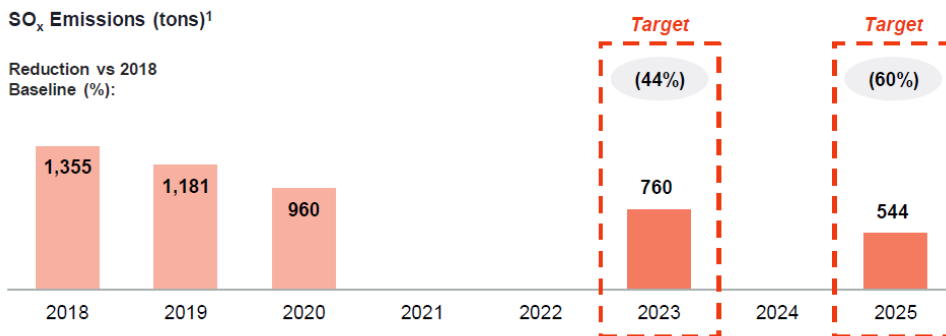
⁷ 2018 baseline chosen in early 2020, as a scheduled maintenance shutdown took place in our Matamoros plant in 2019, making our 2019 SO_x figures not representative for our operations. 2020 was an atypical year and not the best data point to set a baseline.

⁸ Provided by Deloitte.

Performance and Sustainable Performance Targets

SO_x Emissions (tons)¹

Reduction vs 2018
Baseline (%):



Strategy to achieve SPT: >90% of Orbia’s SO_x emissions are generated by the Matamoros (Mexico) and the Henry (Illinois) plants that are respectively part of the Koura and Vestolit business.

Vestolit

In 2020, a specialized team in Orbia’s Vestolit BG initiated a project to understand the financial investment of permanently shutting down the coal-fired boiler. Several alternatives are being assessed and tests are being conducted. It is expected that by 2025 at the latest, a cost-viable alternative derived from internal studies will be fully implemented. This will in turn eliminate a significant source of SO_x emissions for Orbia, representing between 15% to 18% of emissions for Orbia’s baseline year.

Koura

A two-step path was identified to reduce SO_x emissions from Orbia’s HF sulfuric acid production facility from its Koura Business Group. First step was an investment in 2019 for the partial replacement of a catalyst, which led to a 20% reduction in the SO_x generated by this Business Group, compared to the baseline year. Second step will require an investment in 2022 to replace the remaining catalyst in order to achieve a 70% to 80% total reduction in SO_x emissions.

It is also key to Orbia to decrease its NO_x emissions. Management and operations leadership are working together to define a strategy to address this objective. Orbia does not expect that any macro-economic / technological factors will negatively influence the issuer’s strategy to reach the suggested SPT in the proposed timeframe.

Ambition

Against company's past performance

SO _x EMISSIONS ⁹	2015	2016	2017	2018	2019	2020	2023	2025	CAGR ¹⁰ 18 – 20	CAGR 18 - 25
SO_x (in tons)	1,250	1,309	1,257	1,355	1,181	960	760	544	-16%	-12%
Growth vs n-1		+5%	-4%	+8%	-13%	-19%				

Orbia set the SPT to reduce its SO_x emissions by 60% by 2025 from a 2018 baseline of 1,355 tons (interpolated target of a 44% reduction of SO_x emissions vs. the 2018 baseline by the year ended 2023).

As it can be observed in the table above, from 2015 (first year with accurate data available¹¹) to 2018, the level of SO_x emissions were slightly increasing, from 1,250 tons to 1,355 tons (CAGR 15 – 18: +2.7%). 2018 is a turning point after which the SO_x emissions started to decrease.

With its 2025 target, which Orbia plans to reach in the timeframe regardless of macro-economic / technological factors (e.g., pandemic,), the company confirms its ambition to bring down its SO_x emissions.

2018 has been chosen as a baseline year as Orbia considers that the year is more representative of the company's ordinary emissions than:

- 2019: maintenance operations at the Matamoros plant (the most SO_x emitting plant) that led to shutdowns, making Orbia's 2019 SO_x emissions figures not representative for its usual operations.
- 2020: the target was announced in early 2020, when no data was available for FY20. Additionally, 2020 was an atypical year for most of Orbia's businesses due to the COVID-19 pandemic.

In this context and compared to the baseline year, the SPT set by Orbia is perceived by ISS ESG as ambitious against the company's past performance. It is worth noting that in the calculation of the percentage change against baseline, the company may not include acquisition completed after 2018. The target would have been considered further ambitious if Orbia was planning to reach it regardless of the evolution of its perimeter.

Against company's sectorial peers

ISS ESG conducted a benchmarking of the SPT set by Orbia against the Chemicals sector peer group of 173 listed companies derived from the ISS ESG Universe. Those companies are located in the markets displayed in Figure 1.

⁹ Orbia's 2018 Sustainability report and Sustainability Linked Bond Framework.

¹⁰ Compound annual growth rate.

¹¹ Change in calculation methodology in 2018 that revealed some inaccuracies in past disclosed data. Data since 2015 to 2017 have been restated.

As of 13.04.2021, less than half of the Chemicals sector companies in the ISS ESG Universe are disclosing their SO_x emissions. According to the ISS ESG Corporate rating, Orbia's current performance related to the SO_x emission indicator is already excellent. Orbia is one of the only 34 companies for which SO_x current emissions level are judged as excellent by ISS ESG.

According to the issuer, and ISS ESG data, Orbia is one of the only companies of its industry peers that disclose an updated SO_x emissions reduction target. Very few companies have updated SO_x emissions intensity reduction target and even less have defined absolute SO_x emission reduction target.

ISS ESG concludes that the SPT set by the issuer is ambitious as very few companies of the investigated peer group had targets in the same order of magnitude. However, this assessment is limited due to the limited information reported by peer group.

Against international targets

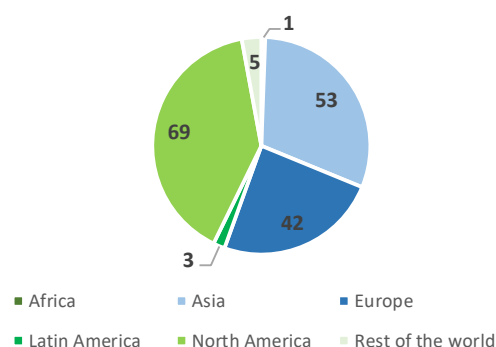
According to the issuer, as of today, there is no industry-specific target available as a reference point in terms of SO_x emissions.

Orbia's two highest SO_x-emitting plants, Matamoros (c. 83% of Orbia's total emissions in average over the 2018-2020 period) and Henry (c.14% of Orbia's total emissions in average over the 2018-2020 period), are located in Mexico (Tamaulipas) and in the US (Illinois), respectively the 5th and 9th highest anthropogenic SO_x emitters in the world¹².

Over the past decades, those two countries have imposed or enhanced emissions for standards for SO_x¹³:

- In Mexico, the "NOM-039-SEMARNAT-1993"¹⁴ establishes the maximum permissible levels of emission to the atmosphere of sulfur dioxide, sulfur trioxide and sulfuric acid mist, in sulfuric acid manufacturing plants¹⁵.
- In the US, the Clean Air Act¹⁶ applies. According to the title V of the Clean Air Act, any plant that emits more than 10 tons/year for a single hazardous air pollutants (HAP) or 25 tons/year for any combination of HAP, has to obtain a Title V Permit. This permit is designed to improve compliance by clarifying what facilities (sources) must do to control air pollution (providing air emissions thresholds per facility).

Chemicals peer group per market



Source: ISS ESG, as of 4.12.2021

¹² Ranking the World's Sulfur Dioxide (SO₂) Hotspots: 2019-2020, CREA and Greenpeace.

¹³ Limited information available to say if those emissions standards are sufficient to improve air quality.

¹⁴ <http://siga.jalisco.gob.mx/assets/documentos/normatividad/nom039semarnat1993.htm>

¹⁵ If the plant capacity is higher than 1,000 tons of sulfuric acid per day, it should not emit more than 4kg SO₂ per ton of sulfuric acid produced.

¹⁶ The Clean Air Act (CAA) is the comprehensive federal law that regulates air emissions from stationary and mobile sources - <https://www.epa.gov/laws-regulations/summary-clean-air-act>

According to the issuer, both the Matamoros plant and the Henry plant are performing very well against local regulations:

- According to the issuer's data from measuring devices, in the Matamoros plant, the daily average performance is 25% below maximum permissible levels.
- At Henry's plant, the average annual SO_x emissions are around 230 tons, which means, according to Orbia, that this site is 70% below maximum permissible levels for SO_x emissions.

In the absence of a definite international/local target on SO_x emissions, ISS ESG is not able to assess the level of ambition of Orbia's target against international/local objectives. However, it is worth noting that even if the company's SO_x emissions level are already below local requirements¹⁷, Orbia keeps on showing its high commitment to reduce SO_x emissions by setting a medium-term target.

UN Sustainable Development Goals

In addition, ISS ESG assessed that the SPT achievement would reduce adverse impacts on SDG 3 "Good Health and Well-Being", SDG 11 "Sustainable Cities and Communities"¹⁸, SDG 14 "Life Below Water" and SDG 15 "Life on Land".

Measurability & comparability

- **Historical data:** The issuer provided relevant historical data by setting the baseline year of its SPT to 2018 and provided all annual SO_x emissions intensity data available since then, aligning with the SLBP. Data since 2015 are also available in the issuer's sustainability report.
- **Benchmarkable:** The issuer discloses its SO_x emissions calculation methodology in the Framework. However, it is worth noting that even if SO_x emissions are frequently disclosed by actors in the Chemicals sector (one third of the Chemicals sector companies in the ISS ESG universe disclose it), there is no calculation standard for this indicator. Hence, the SPT is benchmarkable but with limitations that cannot be attributed to the issuer
- **Timeline:** The issuer defined a precise timeline related to the SPT achievement, including the target observation dates, the trigger event and the frequency of SPTs measurement.

Supporting strategy and action plan

To reduce its SO_x emissions and achieve the proposed SPT, Orbia has an elaborated action plan that is clearly disclosed in the Framework. The company will focus its effort on two business groups (Vestolit, providing Polymer solutions and Koura, specialized in developing, manufacturing, supplying fluoroproducts) which are responsible for c.90% of Orbia total SO_x emissions:

¹⁷ Assessment focused on regulations in Mexico and in the US as >80% of the issuer's SO_x emissions in 2018 came from plants based in those two countries.

¹⁸ The assessment of the contribution to SDG 11 differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio and operations on the SDGs. The insight provided by the issuer in the context of the current SPO engagement allows to take into account more granular information.

Vestolit

In 2020, a specialized team in Orbia's Vestolit BG initiated a project to understand the financial investment of permanently shutting down the coal-fired boiler. Several alternatives are being assessed and tests are being conducted. It is expected that by 2025 at the latest, a cost-viable alternative derived from internal studies will be fully implemented. This will in turn, according to the issuer, eliminate a significant source of SO_x emissions, representing between 15% to 18% of emissions of Orbia's baseline year.

Koura

A two-step path was identified to reduce SO₂ emissions from its HF production facility from Orbia's Koura Business Group. First step was an investment in 2019 for the partial replacement of a catalyst, which led to a 20% reduction in the SO_x generated by this Business Group, compared to the baseline year. Second step will require an investment in 2022 to replace the remaining catalyst in order to achieve a 70% to 80% total reduction in SO_x emissions.

Opinion on SPT calibration: *ISS ESG finds that the SPT calibrated by Orbia's is ambitious against the company's past performance and compared to Chemicals sector practices in terms of defining a SO_x emission reduction target. Very few companies of the investigated peer group set a target related to SO_x emissions. In the absence of a definite international/local target on SO_x emissions, ISS ESG is not able to assess the level of ambition of Orbia's target against international/local objectives. The target is set in a clear timeline, is benchmarkable, and is supported by a credible strategy and action plan.*

PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES

Rationale for Framework

INFORMATION PROVIDED BY THE ISSUER¹⁹

In order to continue enhancing Orbia's sustainability profile and the power of the company to address environmental issues where there is the ability to effect positive change, Orbia intends to issue a Sustainability-Linked Bond ("SLB"), and commit to specific environmental outcomes with "skin-in-the-game", leveraging ambitious timelines to achieve sustainability performance that is relevant, core and material to its business.

Orbia believes it is important to set precedents in the Chemical industry, where clear goals are set and are overseen by the markets, including investors, second party opinion providers and auditors. The issuer's framework provides a high-level approach to its Sustainability-Linked Bond and investors should refer to relevant documentation for any securities transactions. The company hopes its issuance of Sustainability-Linked Securities will inspire other similar companies to do the same.

Opinion: ISS ESG considers the Rationale for Issuance provided by Orbia to be aligned with the SLBP. The issuer has created and committed to publicly disclose the framework in a comprehensive and credible manner.

2.1. Selection of KPI

ISS ESG conducted a detailed analysis of the sustainability credibility of KPI selection available in section 1 of this report.

Opinion: ISS ESG considers the Selection of KPI as per the description provided by Orbia as aligned with the SLBP. The KPI is relevant, core, and material to the issuer's overall business and of strategic significance to the issuer's current and/or future operations (a more detailed analysis has been conducted in the [section 1 of this report](#)). The KPI is appropriately measurable, quantifiable and externally verifiable. The KPI is benchmarkable, with limitations due to lack of disclosure and diversity within the Chemicals industry. Those limitations cannot be attributed to the issuer. It is well quantified and calculated on a consistent methodological basis. The baseline selected for improvement is well-defined. Clear rationale is provided for the baseline choice. The definition of applicable scope and the perimeter for the KPI is provided.

2.2. Calibration of Sustainability Performance Target (SPT)

ISS ESG conducted a detailed analysis of the sustainability credibility of the SPT, which is available in section 1 of this report.

Opinion: ISS ESG considers the Calibration of Sustainability Performance Target (SPT) description provided by Orbia as aligned with the SLBP. The SPT is ambitious against the company's past performance, compared to Chemicals sector practices in terms of defining a SO_x emissions reduction target. Strategic information that would decisively impact the achievement of the SPT and a benchmark have been considered by Orbia while calibrating the target. In the absence of a definite international/local target on SO_x emissions, ISS ESG is not able to assess the level of ambition of

¹⁹ Not taken from the Issuer's Framework but communicated by the Issuer

Orbia's target against international/local objectives. The timeline and calculation methodology for the target achievement are clearly defined.

2.3. Sustainability-Linked Bond Characteristics

FROM ISSUER'S FRAMEWORK

Orbia Sustainability Linked Bonds ("SLBs") have a sustainability linked feature that will result in a coupon adjustment if Orbia's performance does not achieve the stated SPT(s).

The relevant KPI, SPT, step-up margin amount will be specified in the relevant documentation of the specific transaction (Offering Memorandum). The Issuer will notify the investors of the achievement or not of the SPT as soon as possible and in any event by within 180 days after the end of the relevant measurement period, or as specified in the relevant bond documentation (the "Step Up Notification Deadline").

Opinion: ISS ESG considers the Sustainability-Linked Bond Characteristics description provided by Orbia as aligned with the SLBP. The issuer gives a detailed description of the potential variation of the financial characteristics of the Bond, while clearly defining the KPI and SPT and its calculation methodologies. The issuer has not implemented back-up mechanisms in case the SPTs cannot be calculated or observed, as it does not expect to face such circumstances²⁰. Significant changes in perimeters through material M&A activities or drastic changes in regulatory environment or "force majeure" are not covered by the issuer but will be explained, when feasible, in the Reporting.

2.4. Reporting

FROM ISSUER'S FRAMEWORK

Annually, and in any case for any period relevant for assessing the trigger of the SPT performance leading to potential adjustments, such as a coupon step-up or premium payment of our SLB, we will publish and keep readily available and easily accessible on our website::

- Up-to-date information on the performance of the selected KPI, including the baseline where relevant a verification assurance report ("Limited Assurance") relative to the SPT outlining the performance of the KPI against the SPT; and any other relevant information which may enable investors to monitor the progress of the selected KPI.
- Information may also include when feasible and possible: A qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis; illustration of the positive sustainability impacts of the performance improvement;
- and/or any re-assessments of KPIs and/or restatement of the SPT and/or adjustments of baselines or KPI scope.

Opinion: ISS ESG considers the Reporting description provided by Orbia as aligned with the SLBP. This will be made publicly available annually and include valuable information, as described above.

²⁰ According to the issuer, as SO_x is a common substance to measure, there is no need to have a back-up mechanism in place.

2.5. Verification

FROM ISSUER'S FRAMEWORK

Post-issuance

Annually, and in any case for any date/ period relevant for assessing the KPI performance against the SPT leading to a potential financial adjustment, such as a step-up coupon or a premium payment on the SLB, until after the KPI trigger event of a bond has been reached, Orbia will seek independent and external verification of the performance level for the stated KPI by the Assurance Provider.

The Assurance Provider means Deloitte, or any such other qualified provider of third party assurance or attestation services appointed by Orbia, who will provide a verification assurance report in the form of a "Limited Assurance".

The verification of the performance of the KPI, along with the Assurance Provider's verification report, will be made publicly available on Orbia's website.

Pre-issuance

Orbia has obtained and made publicly available a Second Party Opinion ("SPO") and/or other external review from consultants with recognized environmental and social expertise to provide an opinion on the sustainability benefit of this SLB Framework as well as the alignment to the SLBP 2020. The SPO will be available on Orbia's website.

Opinion: ISS ESG considers the Verification description provided by Orbia as aligned with the SLBP. The issuer plans on having all annual values of the SPT published and verified. This will outline the performance against the SPT, the related impact and timing of such impact on the bond's financial characteristics.

PART 3: LINK TO ORBIA'S SUSTAINABILITY STRATEGY

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
ORBIA	CHEMICALS	4	MODERATE

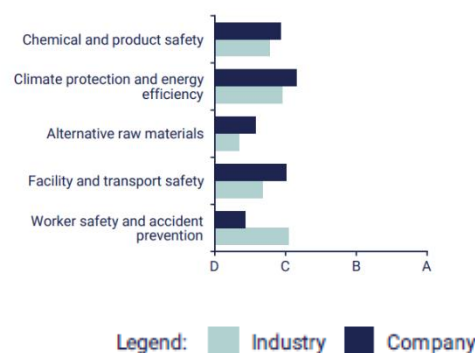
This means that the company currently shows a moderate sustainability performance against peers on key ESG issues faced by Transport & Logistics sector and obtains a Decile Rank relative to industry group of 4, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 04.05.2021, this Rating places Orbia 60th out of 178 companies rated by ISS ESG in the Chemicals sector.

Key Challenges faced by companies in term of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability Opportunities

Orbia, formerly known as Mexichem, is a chemical manufacturer serving various downstream industries through its main three business groups: Polymer Solutions (approximately 33% of sales in 2019), Fluent (57%), and Fluor (12%). Potential opportunities for the business sector lie in the use of alternative and responsibly sourced raw materials in products. Orbia is highly dependent on fossil resources and has initiated first steps to address this issue. Currently, there is no comprehensive strategy to substitute fossil resources with sustainable alternatives, but Orbia is in the process of developing one to tackle this challenge.

Sustainability Risks

Orbia is exposed to high environmental risks with regard to its manufacturing operations and product portfolio. The company has major production activities in countries with weak regulatory frameworks such as Mexico. Orbia has implemented some measures to mitigate process safety risks, but concern remains with regard to transportation safety. Furthermore, more efforts are required to manage product risks. For instance, the company's chemicals management lacks important elements such as a clear strategy to reduce and substitute substances of concern in its product portfolio. On the other hand, Orbia has taken some steps to mitigate environmental impacts of its production processes.



These include the adoption of a strategy to reduce greenhouse gas emissions as well as the implementation of certified environmental management systems at various sites. Consequently, in recent years, the energy and greenhouse gas intensity of the company's production processes have decreased. In the social dimension, Orbia has clear guidelines to handle community complaints to support community outreach and consultation. However, a more systematic management approach to inform communities about relevant environmental, social and safety-related aspects and procedures for public consultation is not documented. The company implemented an occupational health and safety management system. Only some manufacturing sites are externally certified. Additionally, there is no evidence that contract workers are fully integrated into the company's health and safety structures²¹. Orbia seeks to ensure the health and safety of customers by providing safety information.

Governance opinion

Regarding Orbia's governance structure, the company's chairman and half of the board of directors are not considered independent (as at March 18, 2021). Only 50% of the committee members in charge of audit, nomination and remuneration are independent. In terms of remuneration, Orbia discloses compensation only for members of the executive management team as a whole and not on an individual basis. Since details are missing, it remains unclear whether important elements for sustainable value creation such as long-term incentive components are integrated into the remuneration of the company's executive management team. The company has set up a sustainability committee but is not entirely independent. Sustainability performance objectives are integrated into the variable remuneration of members of the executive management team (e.g. greenhouse gas reduction goals). However, the targets are not clearly defined. The company has set up a comprehensive code of ethics covering issues such as corruption and antitrust violations in detail. Supporting the code of conduct are a range of compliance procedures such as compliance audits, trainings, as well as channels to facilitate non-compliance reporting.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of the Orbia current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to evaluation of final product characteristics and does not include practices along the Orbia's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Medical propellants	3%	CONTRIBUTION	
Specialized water purification products, water saving technology	1%	CONTRIBUTION	

²¹ As a clarification, it is worth noting that the company has been working on a better integration of its contract workers since 2018.

Others	N/A	NO NET IMPACT	N/A
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Breaches of international norms and ESG controversies

ISS ESG conducted a controversy screening in the context of this SPO based on publicly available information on April 12, 2021. Orbia does not appear to be exposed to any severe controversy.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the KPI selected by the issuer for its Sustainability-Linked Bond with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Chemicals sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each KPI selected.

KPI SELECTED	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG CHALLENGES FOR CHEMICALS SECTOR	CONTRIBUTION
SO_x emissions	✓	✗	Contribution to a non-material ²² objective

Opinion: *ISS ESG finds that the KPI selected by the issuer is consistent with the issuer’s sustainability strategy, but is a non-material ESG topic for the issuer’s overall industry. In fact, if air pollution taken globally is key for the industry, SO_x emissions taken as an individual indicator is considered as non-material at the Chemicals sector-level, according to ISS ESG’s proprietary rating methodology. The rationale for issuing Sustainability-Linked Bonds is clearly described by the issuer.*

²² SO_x emissions are not considered as one of the most important ESG challenges for the Chemicals sector according to the ISS ESG Corporate Rating methodology. Thus, while the KPI selected contributes to a topic relevant for Orbia’s own operations and strategy, the KPI is not related to a material topic for the Chemicals sector in general.

DISCLAIMER

1. Validity of the SPO: For Orbia's Sustainability-Linked Bond issuances as long as the Sustainability-Linked Bond Framework (May 2021), SPTs benchmarks and structural Bond characteristics described in this document do not change.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

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ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from Orbia's 2021 ISS ESG Corporate Rating.

ESG Corporate Rating



Orbia Advance Corp. SAB de CV

Company Information

Country
Mexico

ISIN
MX01OR010004

Industry
Chemicals

Key Results

Rating
C-

Decile Rank
4

Transparency Level
Very High

Performance score
30.52

Status
Not Prime

Prime Threshold
B-

Absolute Rating

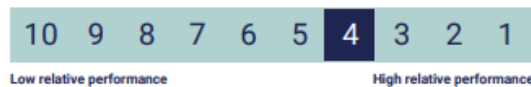


The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively

Transparency Level



Decile Rank



Industry Leaders

Company name (in alphabetical order)	Country	Grade
Clariant AG	CH	B-
Covestro AG	DE	B-
Koninklijke DSM NV	NL	B-

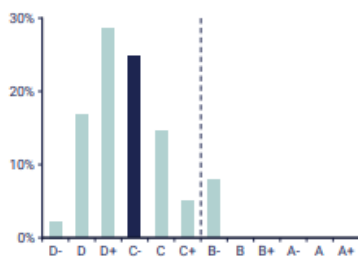
Legend: ■ Industry ■ Company --- Prime

Key Issue Performance



Distribution of Ratings

178 companies in the industry



Rating History



Orbia Advance Corp. SAB de CV

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
 - Degree of verification of allegations and claims
 - Severity of impact on people and the environment, and systematic or systemic nature of malpractices
- Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

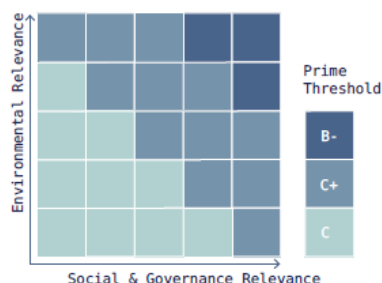
Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Orbia Advance Corp. SAB de CV

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 2: Methodology

ISS ESG Corporate Rating

The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA

ISS ESG reviewed the Sustainability-Linked Bond Framework of Orbia, as well as the concept and processes for issuance against the Sustainability-Linked Bond Principles administered by the ICMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance.

ISS ESG reviewed the alignment of the concept of the Orbia's issuance with mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and with encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles, ISS ESG conducted an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT. ISS ESG analysed if the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy thanks to its long-standing expertise in evaluating corporate sustainability performance and strategy. ISS ESG also reviewed if the KPI is appropriately measurable by referring to key GHG reporting protocols and against acknowledged benchmarks. ISS ESG analysed the ambition of the SPT against Orbia's own past performance (according to Orbia's reported data), against Orbia's Chemicals peers (as per ISS ESG Peer Universe and data), and against international benchmarks such as the Paris agreement (based on data from the Transition Pathway Initiative) and the UN SDGs (according the ISS ESG proprietary methodology). Finally, ISS ESG evaluated the measurability & comparability of the SPT, and the supporting strategy and action plan of Orbia.

ANNEX 3: Quality management processes

SCOPE

Orbia commissioned ISS ESG to compile a Sustainability-Linked Bond SPO. The Second Party Opinion process includes verifying whether the Sustainability-Linked Bond Framework aligns with the Sustainability-Linked Bond Principles and to assess the sustainability credentials of its Framework, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Sustainability-Linked Bond Principles

ISSUER'S RESPONSIBILITY

Orbia's responsibility was to provide information and documentation on:

- Sustainability-Linked Bond Framework
- Documentation and clarifications related to Orbia's sustainability policies, strategy and commitments

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainability-Linked Bond to be issued by Orbia based on ISS ESG methodology and in line with the ICMA Sustainability-Linked Bond Principles.

The engagement with Orbia took place in April/May 2021.

ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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